

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting  
(Proposal Three)

Docket No. RM2020-10

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued August 3, 2020)

To further assist the Commission in its evaluation of the Postal Service's proposed changes to analytical principles relating to periodic reports,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions and data requests. The responses and data should be provided as soon as possible, but no later than August 10, 2020.

1. The Postal Service indicates in its petition that "[t]he sampling methodology utilizes probability proportional to size (PPS) sampling, based on the accrued [Time and Attendance Collection System] TACS workhours for carriers from two pay periods out of the prior quarter." Petition, Proposal Three at 6.
  - a. Please indicate how the Postal Service determined which pay periods to use for each of the two quarters analyzed for Proposal Three. To the extent that the pay periods chosen differ for the morning and afternoon sampling modes, please reflect that in the answer.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), June 11, 2020 (Petition). The Postal Service also filed a notice of filing of public and non-public materials relating to Proposal Three. Notice of Filing of USPS-RM2020-10-1 and USPS-RM2020-10-NP1 and Application for Nonpublic Treatment, June 11, 2020.

- b. Please confirm that, within a given quarter, the same two pay periods are used for all facilities in determining the sample size.
- c. Please identify, for each sampling mode, the specific pay periods from the previous quarter that the Postal Service used in the sampling methodology for each quarter in FY 2020.
- d. Please discuss why the Postal Service decided to use two pay periods from the previous quarter (rather than more, or fewer) as the basis for calculating sampling probabilities.
- e. Please indicate, in the event that Proposal Three is approved and adopted, how the Postal Service will determine which pay periods to use in subsequent quarters.
- f. Please confirm that, for both Morning Tests and Afternoon Tests, all workhours from the two pay periods (and not just those before or after 1100, for example) are used to determine sampling probabilities for a given finance number. If not confirmed, please explain.
- g. The Postal Service's Appendix A (Statistical Documentation) to Library Reference USPS-RM2020-10/1 states that "PSU weights are further adjusted to reflect the share of workhours for the finance number in the full quarter relative to its share in the two pay periods that were used to generate the sample."<sup>2</sup> Please confirm that while the share that is used to generate the sample is based on two pay periods from the prior quarter, the "full quarter" share refers to the share in the current quarter (*i.e.*, the quarter in which the test in question was conducted). If not confirmed, please explain.

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<sup>2</sup> See Library Reference USPS-RM2020-10/1, June 11, 2020, folder "Public.Fldr.1.Prop.3.IOCS.Clstr," folder "Public," folder "Documents," PDF file "Appendix A.pdf" at 4, 6 (Appendix A).

2. Appendix A states that “[b]efore the [morning] test begins, the data collector identifies all city carriers who will be working (clocked into) the tested finance number that morning.” Appendix A at 3. This identification process is discussed in further detail in another document provided in the library reference.<sup>3</sup>
  - a. Is there any possibility that carriers who are in fact available and on-site on the selected finance number day would not be part of the second stage sampling frame? In particular, can carriers ever work at a facility without being clocked into that facility (e.g., due to transfer from another facility)?
  - b. Please confirm that the data collector identifies all employees who will be working as city carriers on a given finance number/day, including city carrier assistants, temporary or transitional employees, and employees who may have been temporarily assigned to the finance number or facility for that day. If not confirmed, please explain.
3. Please confirm that the In-Office Cost System (IOCS)-Cluster sampling pilot program is ongoing.
  - a. If confirmed, has the Postal Service continued to collect IOCS-Cluster data through Postal Quarter 3 and Postal Quarter 4 to date?
  - b. If approved by the Commission prior to the end of the fiscal year, would Proposal Three be reflected in the FY 2020 Annual Compliance Review?
4. In the run-up to the calendar year 2019 peak season, the Postal Service prepared additional space at 80 peak annexes’ operations.<sup>4</sup>
  - a. Please discuss the nature of these operations. In particular, do these involve city carrier delivery operations?

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<sup>3</sup> See Library Reference USPS-RM2020-10/1, folder “Public.Fldr.1.Prop.3.IOCS.Clstr,” folder “Public,” folder “Documents,” PDF file “iocs-clusterprocedures\_final\_oct2019.pdf.”

<sup>4</sup> See, e.g., USPS Leadership Forum for Stakeholders, *Operations Update*, October 29, 2019.

- b. Does the Postal Service assign new finance numbers to these peak annexes? If not, please explain. If the answer is yes, would these facilities accrue city carrier hours during all pay periods in the quarter preceding the peak season, which covers July, August, and September?
  - c. In general, please discuss the extent to which city carrier workhours accrued at these facilities during peak season are represented or reflected in the existing IOCS methodology.
  - d. In general, please discuss the extent to which city carrier workhours accrued at these facilities during peak season are represented or reflected in the proposed IOCS-Cluster methodology. In particular, would these facilities constitute part of the relevant sampling frames?
5. In Library Reference USPS-RM2020-10/1, the Postal Service provided Excel files “CS06&7-Public-FY20Q2YTDCcluster20.xlsx” and “I\_FORMS-Public-FY20Q2YTDCcluster20.xlsm,” which provide additional costing details relevant to assessing the impact of Proposal Three.<sup>5</sup> Please provide public non-cluster versions of these same files for the same time period.
6. Please provide the data, workbook, and any programs needed to generate Tables 4 through 7 as included in the Petition, Proposal Three.<sup>6</sup>
7. The Postal Service recently circulated a memo to carriers regarding a new Expedited to Street/Afternoon Sortation (ESAS) initiative, which “is an enhancement to the current Expedited Preferential Mail (EPM) Delivery Program which reduces morning office time to allow carriers to leave for the street

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<sup>5</sup> See Library Reference USPS-RM2020-10/1, folder “Public.Fldr.1.Prop.3.IOCS.Clstr,” folder “Public,” folder “Workbooks,” Excel files “CS06&7-Public-FY20Q2YTDCcluster20.xlsx” and “I\_FORMS-Public-FY20Q2YTDCcluster20.xlsm.”

<sup>6</sup> See Petition, Proposal Three at 11-14.

earlier.”<sup>7</sup> Under the ESAS initiative, “City carriers will not sort any mail during the morning operation.” *Id.* The EPM initiative similarly “reduces morning office time to allow carriers to leave for the street earlier.” *Id.* Proposal Three and the IOCS-Cluster Methodology are predicated in part on the observation that carriers are typically working on the premises of post offices or other carrier facilities in the morning period prior to 1100, and that they are typically working on the street after 1100.<sup>8</sup>

- a. Please describe the EPM program, including a discussion of how widespread the current EPM program is. For example, what share of city carrier workhours are incurred by city carriers working under the EPM Delivery Program on a given day? Is the Postal Service more likely to implement or use the EPM Delivery Program during certain times of the year or in certain geographic areas? Does the mail mix delivered by city carriers working under the EPM Delivery Program differ from that delivered by carriers who are not, and if so, how?
- b. Please describe the Postal Service’s plans for the ESAS initiative, including how widespread it will be. For example, does the Postal Service have a target for the share of city carrier workhours that will be incurred by city carriers working under the ESAS initiative? Will the Postal Service be more likely to implement or use the ESAS initiative during certain times of the year or in certain geographic areas? Does the Postal Service anticipate that the mail mix delivered by city carriers working under the

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<sup>7</sup> See United States Postal Service, *Stand-Up Talk – Expedited to Street/Afternoon Sortation (ESAS)—City Carrier*, July 2020, available at: <https://www.nrlca.org/Documents/WebContent/EditorDocuments/ESAS%20F2%20Stand%20Up%20Talk%207.16.20.pdf>, accessed July 27, 2020.

<sup>8</sup> See, e.g., Petition, Proposal Three at 3.

ESAS initiative will differ from that delivered by carriers who are not, and if so, how?

- c. Please confirm that, all things equal, the sampling efficiency gains from morning on-site tests will decrease as the share of eligible carriers working under the EPM Delivery Program or ESAS initiative increases. If not confirmed, please explain.
  - d. Please indicate whether the Postal Service envisions making any adjustments to the design of the IOCS-Cluster methodology as the ESAS initiative is implemented. If the answer is yes, please describe those adjustments. If the answer is no, please explain why not.
8. In Library Reference USPS-RM2020-10/1, the Postal Service provided Excel files “CS06&7-Public-FY20Q2YTDCcluster20.xlsx” and “I\_FORMS-Public-FY20Q2YTDCcluster20.xlsm” based on the public IOCS-Cluster data.<sup>9</sup> Please provide the IOCS-Non-Cluster *non-public* (emphasis added) version of these files for the same time period.<sup>10</sup>
9. Please discuss the reason(s) why the IOCS-Non-Cluster methodology estimates city carrier street time costs to be about \$158.4 million higher than the IOCS-Cluster for the same time period.<sup>11</sup> Please include in the response whether the Postal Service believes that under the current methodology (IOCS-Non-Cluster), city carrier street time cost is overestimated.

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<sup>9</sup> See Library Reference USPS-RM2020-10/1, folder “Public.Fldr.1.Prop.3.IOCS.Clstr,” folder “Public,” folder “Workbooks,” Excel files “CS06&7-Public-FY20Q2YTDCcluster20.xlsx” and “I\_FORMS-Public-FY20Q2YTDCcluster20.xlsm.”

<sup>10</sup> The non-public workbooks contain competitive products detail.

<sup>11</sup> See Petition, Proposal Three at 11. Table 4 (in thousands) shows the IOCS-Non-Cluster estimated street time cost to be \$6,227,339 and the IOCS-Cluster estimated street time cost to be \$6,068,976. *Id.*

10. Please provide the current number of city carrier routes for each route type listed in the IOCS data dictionary.<sup>12</sup>

By the Chairman.

Robert G. Taub

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<sup>12</sup> See Docket No. ACR2019, Library Reference USPS-FY19-37, December 27, 2019, Excel file "IOCSDataDictionaryFY19.xlsx," tab "Mainframe Layout," rows 1699-1711.